

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2009 LEGISLATIVE SESSION

FISCAL NOTE 2009-HB1269A

HB 1269 provide for the governance of public postsecondary technical education and to provide for the transfer of authority for public postsecondary technical education from local school districts to the Department of Education.

SDCL 13-39 tasks the local school districts with the management of the four public postsecondary technical institutes. House Bill 1269 would transfer these responsibilities to the Secretary of the Department of Education.

Land Costs

Currently, the technical institutes provide postsecondary instruction on land and in buildings that were purchased by either the school district, or by the State of South Dakota. If the State were going to assume the assets of the technical institutes, opinions differ as to whether the school districts would need to be compensated. An Attorney General's opinion has been requested to determine whether the transfer of assets, purchased with tax payer dollars, from one entity to another, require compensation. Depending on how this issue is decided, the amount of the replacement value of the assets purchased by the local school district could be an issue.

Cooperative Services

At present, the local school districts provide services to each of the Technical Institutes for a cost that is less than is possible with a full-time staff. These services include payroll functions, benefit computations, insurance policy management, purchasing, invoicing, overall business manager functions and some janitorial functions. If HB1269 were to pass, new agreements between the State and the local school districts would need to be formed, or these services would need to be performed by new staff.

Employee Costs

School districts throughout the state are controlled by their local school boards, and because of the local control, there are many different pay scales. If the Technical Institutes were to become an entity of the state, as opposed to the local school district, there could be pay equity issues. This issue came up when the prison system was centralized. The pay differences have been resolved over the years, but it was not without much debate.

After consultation with the Bureau of Finance and Management, pursuant to Joint Rule 6C-1.1 of the South Dakota Legislature, the fiscal impact of HB1269 to the State General Fund depends entirely on the impending opinion from the Attorney General regarding the transfer of assets.

APPROVED BY: Signed by James Fry DATE: 2/12/09